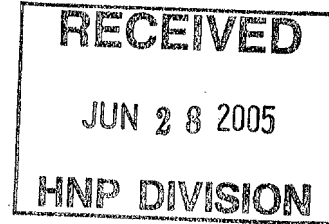


Global Premier *Development, Inc.*

RA12

June 26, 2006

Mr. Felix Reliford
City of Milpitas
455 E. Calaveras Blvd.
Milpitas, CA 95035



**Re: Letter of Intent to Negotiate
Aspen Family Apartments**

Dear Mr. Reliford:

This Letter of Intent to Negotiate is submitted on behalf of MIL Aspen Associates, a California Limited Partnership, whose General Partners are Western Community Housing, Inc., a California non-profit public benefit corporation, as Managing General Partner, together with Global Premier Development, Inc., a California Corporation, as Administrative General Partner, for the Aspen Family Apartments. By forming the Limited Partnership, MIL Aspen Associates, Western Community Housing and Global Premier Development's objective was to help ease the burden of housing on California, through the construction, acquisition, and operation of housing for families and seniors of seniors of very low to moderate incomes.

The proposed Aspen Family Apartments is a 101 unit affordable housing development that will fill the need for low- income housing for large families in the City of Milpitas. All units will be restricted to tenants earning between 30 – 60% of the area median income, as published by HUD. We are requesting the assistance of the City of Milpitas Redevelopment Agency in bridging our estimated gap in permanent financing source gap.

These funds will ensure project viability for the working families of Milpitas. Thank you very much for your time and consideration. If you have any questions or need additional information, please contact me at (949) 222-9119.

Sincerely,

Andrew Hanna
President

STATE OF CALIFORNIA

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

915 CAPITOL MALL, ROOM 485

SACRAMENTO, CA 95814

TELEPHONE: (916) 854-8340

FAX: (916) 854-8033

William J. Pavão

Executive Director

RECEIVED
JUN 05 2006
BY: FAX**MEMBERS:**Philip Angelides, Chair
State TreasurerMichael C. Genast, Director
Department of FinanceSteve Westly
State Controller

June 5, 2006

Graham Espley-Jones
MIL Aspen Associates, a California LP
151 Kalmus Drive, Suite J-5
Costa Mesa, CA 92626

Fax: (714) 549-4600

RE: CA-2006-043 / Aspen Apartments

Dear Mr. Espley-Jones:

Preliminary indications are that your Housing Tax Credit application referenced above has ranked highly enough to be awarded a preliminary reservation of 2006 Tax Credits. However, because the appeal process and final project analyses are not yet finished, this letter does not confirm or constitute a Tax Credit reservation.

Enclosed is the staff report for the project. Please review this report carefully, and if you believe that an error has been made or disagree with any of the material in the report, please contact the Tax Credit Allocation Committee as soon as possible.

The meeting at which Tax Credit Reservations are expected to be approved is scheduled for June 21, 2006, at 1:00 p.m. in the Auditorium of the EDD State Building, located at 722 Capitol Mall, Sacramento.

Sincerely,


William J. Pavão
Executive Director

Enclosure

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
2006 First Round Cycle
June 21, 2006

Project Number CA-2006-043

Project Name Aspen Apartments
Site Address: 1666 S. Main Street
Milpitas, CA 95035

County: Santa Clara

Census Tract: 5045.05

Applicant Information

Applicant: MIL Aspen Associates, A California Limited Partnership
Contact: Graham Espley-Jones
Address: 151 Kalmus Drive, Suite J-5
Costa Mesa, CA 92626
Phone: (714) 549-4100 **Fax:** (714) 549-4600

General Partners(s) Type: Joint Venture

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: San Mateo and Santa Clara Counties

Eligible Basis

Requested: \$24,665,583
Actual: \$26,169,784
Maximum Permitted: \$24,764,597

Adjustments to Threshold Basis Limit:

Required to Pay Prevailing Wages ☒ **Parking Beneath Residential Units** ☒
Local Impact Fees ☒
3 or More Energy Efficiency/Resource Conservation/Indoor Air Quality Features ☒

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,997,912	\$7,399,675
Recommended:	\$1,977,912	\$7,399,675

Project Information

Construction Type: New Construction
Federal Subsidy: None
Total # of Units: 101
Total # Residential Buildings: 1

Income/Rent Targeting

Federal Set-Aside Elected: 40%/60%
% & No. of Tax Credit Units: 100% - 100 units
Breakdown by %: 45% @ 45%, 50% @ 50%

Project Number: CA-06-043
June 21, 2006

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Selection Criteria	Max. Possible Points	Requested Points	Points Awarded
Cost Efficiency/Credit Reduction/Public Funds Maximum of 20 points	20	20	20
<input type="checkbox"/> Credit Reduction	18	0	0
<input type="checkbox"/> Public Funds	20	0	0
<input type="checkbox"/> Public Funds	18	0	0
Owner / Management Characteristics Maximum of 9 points	9	9	9
<input checked="" type="checkbox"/> General Partner Experience	6	6	6
<input checked="" type="checkbox"/> Management Experience	3	3	3
Negative Points			
Housing Needs Maximum of 10 points	10	10	10
Site Amenities Maximum of 15 points	15	15	15
<input checked="" type="checkbox"/> Within 1/4 mile of transit stop with service every 30 minutes during rush hours	6	6	6
<input checked="" type="checkbox"/> Within 1/4 mile of public park or community center open to general public	3	3	3
<input checked="" type="checkbox"/> Within 1/4 mile of convenience market where staples are sold	2	2	2
<input checked="" type="checkbox"/> Large Family project within 1/4 mile of public school that project children may attend	3	3	3
<input checked="" type="checkbox"/> Within 1/4 mile of medical clinic or hospital	3	3	3
Service Amenities Maximum of 10 points	10	10	10
<input checked="" type="checkbox"/> High speed internet service provided in each unit	5	5	5
<input checked="" type="checkbox"/> Educational classes (e.g. ESL, Computer training, etc. and aren't same as After School)	5	5	5
Neighborhood Revitalization Maximum of 9 points	9	9	9
Sustainable Building Methods Maximum of 8 points	8	8	8
<input checked="" type="checkbox"/> Energy star rated ceiling fans in bedroom/living room; whole house fan; economizer	1	1	1
<input checked="" type="checkbox"/> Flow restrictors for kitchen & bath faucets or water-saving fixtures	1	1	1
<input checked="" type="checkbox"/> No-VOC interior paint	1	1	1
<input checked="" type="checkbox"/> Bathroom fans in all bathrooms w/humidistat timer and outdoor exhaust	2	2	2
<input checked="" type="checkbox"/> Recycled materials incorporated into: concrete, carpet, road base or landscape	1	1	1
<input checked="" type="checkbox"/> Project has nonsmoking buildings or contiguous sections within a building	1	1	1
Lowest Income Maximum of 52 points	52	50	50
<input checked="" type="checkbox"/> Basic Targeting	50	50	50
Readiness to Proceed Maximum of 20 points	20	15	15
State credit substitution Maximum of 2 points	2	2	2
Total Points	155	128	128

Tie-Breaker Information

Tie-Breaker Categories Apply to this Project: No

First: Housing Type Large Family

Second: OCT/Federal Designated Area No

Third: Calculated Ratio per Regulation 10325(c)(12) 93.941%

Unit Type & Number	2006 Rents % of Area Median Income	Proposed Rent (including utilities)
11 Two Bedrooms	45%	\$1,073
12 Two Bedrooms	45%	\$1,073
25 Two Bedrooms	50%	\$1,118
2 Two Bedrooms	50%	\$1,118
11 Three Bedrooms	45%	\$1,241
12 Three Bedrooms	45%	\$1,241
25 Three Bedrooms	50%	\$1,375
2 Three Bedrooms	50%	\$1,375
1 Two Bedroom	Manager's Unit	\$0

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The general partner(s) or principal owner(s) are Western Community Housing, Inc. and Global Premier Development, Inc.

The project developer is Global Premier Development, Inc.

The management agent is Buckingham Property Management.

The market analyst is Prior & Associates.

The Local Reviewing Agency, the City of Milpitas, has completed a site review of this project and strongly supports this project.

Project Financing

Estimated Total Project Cost: \$33,956,571 Per Unit Cost: \$336,204 Construction Cost Per Sq. Foot: \$216

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
SunAmerica	\$19,499,219	SunAmerica	\$8,567,199
Deferred Developer Fee	\$2,000,000	Deferred Developer Fee	\$474,669
Investor Equity	\$12,457,352	Investor Equity	\$24,914,703
		TOTAL	\$33,956,571

Determination of Credit Amount(s)

Requested Eligible Basis:	\$24,665,583
130% High Cost Adjustment:	No
Applicable Fraction:	100%
Qualified Basis:	\$24,665,583
Applicable Rate:	8.10%
Total Maximum Annual Federal Credit:	\$1,997,912
Total State Credit:	\$7,399,675
Approved Developer Fee in Project Cost:	\$2,000,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Tax Credit Factor: SunAmerica	\$0.91000

Applicant requests and staff recommends annual federal credits of \$1,997,912 and total state credits of \$7,399,675, based on a qualified basis of \$24,665,583 and a funding shortfall of \$24,914,703.

Cost Analysis and Line Item Review

The requested eligible basis \$24,665,583 is below TCAC's threshold basis limit \$24,764,597. The basis limit was increased by the following extraordinary features: projects that are required to pay state or federal prevailing wages, projects that are required to provide parking beneath the residential units, local development impact fees, the adjustment for projects with 3 or more energy efficiency/resource conservation/indoor air quality items, using tank less water heaters, a high efficiency condensing boiler (92% AFUE or greater), or a solar thermal domestic hot water pre-heating system, using natural linoleum/ceramic tile/natural rubber for all kitchens and bathrooms where no VOC adhesives or backing is used, and using vent kitchen range hoods to the exterior of the building in at least 80% of the units. Staff analysis of project costs to determine reasonableness found all fees to be within TCAC's underwriting guidelines and TCAC limitations.

Annual operating expenses exceed the minimum operating expenses established in the Regulations, and the project pro forma shows a positive cash flow from year one.

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Staff has calculated federal tax credits based on 8.10% of the qualified basis. Applicants are cautioned to consider the expected federal rate when negotiating with investors. TCAC's financial evaluation at project completion will determine the final allocation.

Special Issues/Other Significant Information: None

Legal Status: Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

Recommendation: Staff recommends that the Committee make a preliminary reservation of tax credits, in the following amount(s) contingent upon standard conditions and any additional conditions imposed by the Committee:

Federal/Annual	State/Total
\$1,997,912	\$7,399,675

Standard Conditions

An application for a carryover allocation must be submitted by October 31, 2006, as required by regulation section 10328(d), together with the applicable allocation fee and all required documentation. The time for meeting the "10%" test and submitting related documentation will be no later than six (6) months after the date of the executed carryover allocation (as defined by IRC Section 42 and IRS Notices). The applicant must ensure the project meets all Additional Threshold Requirements for the housing type of the proposed project.

The applicant must submit all documentation required for a Final Reservation no later than February 1 of the year that the building(s) must be placed in service pursuant to Section 42(h)(5)(i) of the Internal Revenue Code of 1986, as amended. The applicant shall provide the Committee a Final Reservation application providing the documentation for the project set forth in Section 10322(i)(1) of these regulations. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. The performance deposit must be paid by cashier's check within 20 calendar days of any preliminary reservation. The allocation fee must be paid within a time period specified in the preliminary reservation letter. The allocation fee will be due prior to execution of a carryover allocation or issuance of tax forms, whichever comes first. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

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As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of ten years and at no cost to the tenants.

Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(8) at project completion.

Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2)(P) at project completion.

Additional Conditions: None

Project Analyst: Stephanie Alstrom